



# Getting Ready for Annual Updating Amendment Season: What Investment Advisers Should Review Before Filing

# Annual Updating Amendment Season Is Approaching

For investment advisers, January marks the start of Form ADV season, when compliance teams review firm data and confirm that every disclosure accurately reflects current operations.

Form ADV is the uniform registration document investment advisers use to register with the SEC and state securities authorities. Exempt reporting advisers also submit an amended version through the SEC. **Both must file an Annual Updating Amendment no later than 90 days after their fiscal year end, for many firms that deadline is March 31, 2026.**

This filing outlines the firm's business practices, fee structures, and conflicts of interest. It is publicly accessible through the Investment Adviser Public Disclosure (IAPD) website, which publishes filings submitted via the IARD system.

SEC examiners rely heavily on Form ADV during examinations. Every section is reviewed closely for accuracy and internal consistency. Preparing early helps firms confirm that disclosures align with current operations, reducing exam risk and reinforcing confidence with clients and regulators.

In this guide, we will review how to approach and prepare your Annual Updating Amendment with confidence. You'll learn what to look for, how to identify and correct inconsistencies, and how to use this process as a checkpoint to strengthen your firm's overall compliance program ahead of SEC examinations.

# Why Preparation Matters Heading into Annual Updating Amendment Season

With the SEC sharpening its examination priorities, firms can no longer treat Form ADV as a routine filing exercise. It's a moment to take inventory and ensure that what's on record reflects how the business actually operates.

The SEC uses Form ADV as a starting point in nearly every examination. Examiners rely on it to understand an adviser's structure, services, and risk profile. Inaccurate, inconsistent, or outdated disclosures can quickly lead to requests for clarification, required amendments, or even formal exam findings.

Thoughtful preparation gives firms a chance to validate their data, confirm internal alignment, and uncover inconsistencies before regulators do. It's also a time to ensure assets under management (AUM); fee arrangements, and conflicts of interest are accurately reflected and supported by documentation.

Effective preparation helps firms:

- Confirm alignment across compliance, operations, and leadership.
- Validate that reported AUM and client information are current and defensible.
- Reinforce credibility with regulators through clear, consistent disclosures.
- Minimize exam friction later in the year.

A well-documented process demonstrates control, readiness, and a culture of compliance that examiners notice. By preparing in advance, advisers can minimize risks and strengthen their compliance program.

# Administrative Readiness Before Filing

Before tackling disclosures, firms should confirm that the administrative groundwork is in order. These preliminary checks prevent filing delays and last-minute complications that can derail an otherwise smooth submission.

Start by verifying:

- **IARD system access:** Ensure all authorized users have active credentials and that any departing employees or role changes are reflected in system permissions.
- **Funding availability:** Confirm that your IARD Flex-Funding Account has sufficient funds to cover all applicable fees. This includes:
  - The SEC annual updating amendment filing fee for federally registered advisers
  - State notice filing fees for any jurisdictions selected in Part 1A
    - **Tip: Funding must be posted in advance of submission. Insufficient balances can delay your filing and result in late penalties. You can view funding status and payment history directly in the IARD system.**
- **Filing logistics:** Double-check your fiscal year-end date and corresponding 90-day filing deadline.
  - **Tip: A simple readiness review early in the process can save valuable time later. When administrative details are handled first, compliance teams can focus fully on the quality and accuracy of their disclosures.**

# What Must Be Updated in Your Annual Updating Amendment Filing

When preparing your Annual Updating Amendment, review every section of Form ADV to ensure the information on file matches the firm's current operations. Each component serves a specific regulatory purpose and collectively forms the foundation of your firm's public disclosures.

For SEC- and state-registered advisers, updates typically include:

- **Part 1A — Firm Information:**
  - Review firm-level data such as RAUM, ownership, business activities, and any changes in control persons or affiliates. Confirm that regulatory history and disciplinary information are current and complete.
- **Part 1B — State-Specific Questions:**
  - Address additional disclosure items required by individual state regulators, if applicable.
- **Part 2A — Firm Brochure:**
  - Update narrative disclosures describing advisory services, fee structures, compensation, conflicts of interest, and business practices. This section should reflect how the firm operates today.
- **Part 2B — Brochure Supplements:**
  - Review disclosures for supervised persons who provide advisory services to clients, ensuring all role changes, credentials, or disciplinary updates are accurately reflected.
- **Part 3 — Form CRS (Customer Relationship Summary)**
  - SEC-registered investment advisers that offer services to retail investors are required to maintain and deliver Form CRS. While not formally part of the Annual Updating Amendment, advisers must update Form CRS within 30 days if any information becomes materially inaccurate. Many firms choose to review and refile Form CRS during their AUA process to maintain consistency across all disclosures.
- **Schedules A, B, C, D, and R — Supporting Details:**
  - Verify that ownership, control persons, private fund data, client types, and affiliated entities are accurately captured across all schedules.

**Tip: Align your Part 1A data with the disclosures in your Part 2A brochure.**

**Inconsistencies between these sections remain among the most common exam findings, and one of the easiest to prevent through early, coordinated review.**

# Reviewing Core Firm Information (Part 1A)

Annual Updating Amendment season is the ideal time to verify that every element of your firm's foundational data is current and consistent. Part 1A provides the SEC with a snapshot of your business structure, activities, and ownership. Even small errors or omissions can create inconsistencies across your filing and draw regulator attention.

When reviewing Part 1A, confirm the accuracy of the following key areas:

- **Identifying Information:**

- Verify the firm's legal name, principal business address, website, and contact details. Any changes in location, branding, or structure should be reflected immediately.

- **SEC Registration Status:**

- Confirm that the basis for SEC registration remains accurate. This includes ensuring your RAUM meets current thresholds and that the firm's registration category remains valid.

- **Information About the Advisory Business:**

- Review disclosures covering the total RAUM as well as the number and types of clients, advisory services offered, and compensation arrangements. Each figure and description should align with your most recent data and internal reports.

- **Financial Industry Affiliations:**

- Update information on affiliations with broker-dealers, custodians, or other financial entities that may create conflicts of interest or supervisory obligations.

- **Control Persons:**

- Confirm that ownership and control information is accurate, including any new principals, officers, or ownership transfers.

A methodical review of this information supports compliance with SEC Rule 206(4)-7, which requires advisers to conduct an annual review of their compliance program. State regulators apply similar expectations for state-registered advisers. Even small inaccuracies in Part 1A can create inconsistencies elsewhere in the form.

# Client Information and Assets Under Management

Client and asset reporting are among the most scrutinized areas of Form ADV. During examinations, SEC staff often compare disclosures in Part 1A and Part 2A against internal records, marketing materials, and client contracts to confirm consistency. When reviewing this section, firms should pay particular attention to three areas:

- **Client Types and Counts:**

- Confirm disclosures clearly distinguish between *clients* and *accounts*. These figures are often conflated, yet the distinction matters: client count reflects the number of distinct relationships under management, while account count can include multiple accounts for a single client. Regulators rely on this data to assess business scope and risk exposure.

- **Regulatory Assets Under Management (RAUM):**

- Review how RAUM is calculated and ensure it is reported accurately across Form ADV and your Part 2A brochure.

- **Defining Continuous and Regular Services:**

- Evaluate each account to confirm it meets the SEC's definition of continuous and regular supervisory or management services. This includes monitoring client portfolios, making discretionary trades, or providing ongoing advice consistent with a client's investment objectives.

**RAUM remains one of the most misunderstood disclosures in Form ADV, and one of the most frequently reviewed in examinations.**

## Business Practices, Fees and Conflicts

Annual Updating Amendment season is a key checkpoint for reviewing how your firm presents its advisory services and fee arrangements, and whether those disclosures reflect your current business model. This is where accuracy and introspection intersect: are you doing what your filings say you do? Just as important, are your filings saying what you actually do?

Firms should carefully reassess disclosures related to:



### **Advisory Services and Investment Strategies:**

Confirm that the services and strategies described in Form ADV match your firm's actual activities. If your investment approach, service model, or client base has evolved, those changes must be reflected in both Part 1A and Part 2A. SEC examiners frequently identify discrepancies between what firms disclose and what they deliver.

**Example:** *Let's say your firm starts offering a new financial planning service for a flat fee. If that change isn't reflected in your Form ADV, it could raise red flags during an exam, especially if your website or marketing materials talk about it. Regulators want to see what you say in your filings matches what you actually do.*

### **Fee Structures and Compensation:**

Review how advisory fees are calculated, billed, and disclosed. Ensure that both standard and negotiated fee arrangements are clearly described in your Form ADV brochure (Part 2A), along with any other forms of compensation the firm receives.

**Example:** *Suppose you allow long-standing clients to pay at the end of each quarter, while new clients are billed monthly at the start of the period. If your brochure only mentions one approach, you'll need to revise it to reflect both. Inconsistent or incomplete fee disclosures are a common exam finding.*

### **Performance-Based Fees:**

If applicable, verify that any performance fee arrangements comply with Advisers Act Rule 205-3 and that client eligibility thresholds are accurately described.

**Example:** *You begin offering a performance fee structure to high-net-worth clients but forget to update your brochure to explain how the fee is calculated or who qualifies. Even if these clients sign appropriate agreements, omitting the structure from your ADV could trigger a compliance issue.*

### **Side-by-Side Management and Other Conflicts of Interest:**

Look closely at whether you've clearly explained any situations where your firm's interests might compete with your clients, especially if you manage different types of accounts.

**Example:** *If your firm runs its own investment fund and manages client portfolios, the SEC expects you to explain how you make sure your fund doesn't get better treatment, like faster trade execution or better pricing. If that isn't spelled out in your ADV brochure, it's a compliance risk.*



All disclosures should be accurate, complete, and consistent across your regulatory documents, including:

- **Part 1A** – Structured firm-level and operational details
- **Part 2A (Firm Brochure)** – Narrative disclosures describing services, fees, and conflicts
- **Form CRS**, where applicable

**Tip: Consistency across these documents is key. Even minor discrepancies can trigger exam questions**

## Brochure Updates

As part of your Annual Updating Amendment, confirm whether updates are needed for:

- Employee count, control persons, or advisory affiliates
- Supervised persons covered under Part 2B

Even if brochure supplements aren't filed every year, inconsistencies between what's disclosed and what's true in practice are visible to both regulators and clients. A brief review now helps prevent avoidable exam findings later.

## Supporting Records and Documentation

Every disclosure in Form ADV must be backed by accurate records. Under Rule 204-2 of the Investment Advisers Act of 1940, advisers are required to maintain books and records that substantiate the information reported in their filings.

Firms should retain:

- Client and AUM data used to calculate RAUM
- Fee schedules, invoices, and billing records
- Documentation supporting services, compensation, and conflicts disclosed in Form ADV

**Well-organized records make it easier to respond to SEC requests and demonstrate compliance during an exam.**

# How Compliance Teams Prepare and File with Confidence

Use this checklist to guide your firm's internal process for preparing and submitting the Annual Updating Amendment.

## **Step 1: Plan Ahead**

- ☐ Begin preparations 60–90 days before your fiscal year-end.
- ☐ Identify any material changes since the last filing (e.g., new clients, new services, fee adjustments, disciplinary matters, or custody updates).
- ☐ Confirm filing responsibilities and assign internal owners for each Form ADV section.

## **Step 2: Review Each Section Line by Line**

- ☐ Verify business structure and ownership details.
- ☐ Update client counts and AUM figures.
- ☐ Confirm accuracy of compensation and fee disclosures.
- ☐ Reassess conflicts of interest for any changes or new risks.
- ☐ Remove or revise outdated information.

## **Step 3: Update the Brochure and Schedules**

- ☐ Revise Part 2A to include all material changes.
- ☐ Prepare the Summary of Material Changes for client delivery.

## **Step 4: Prepare for Filing**

- ☐ Confirm access to the FINRA/CRD system.
- ☐ Verify your Flex-Funding Account balance covers all filing fees (for SEC-registered advisers).
- ☐ Ensure all state notice filing requirements are met.

## **Step 5: Run a Completeness Check**

- ☐ Use the IARD's built-in validation tool to identify missing fields or errors.
- ☐ Confirm payment of any required fees before submission.

## **Step 6: Submit Early**

- ☐ File well before the 90-day deadline to avoid last-minute issues.
- ☐ Retain confirmation of submission and a copy of the filed Form ADV for your records.

# Using Annual Updating Amendment Season as a Checkpoint

Annual Updating Amendment season is a recurring regulatory obligation, and a powerful opportunity to assess your firm's overall regulatory filing posture.

Preparing early helps firms confirm accuracy, consistency, and readiness. This also prepares your firm to deliver the most up to date brochure disclosures to all clients for the year. With heightened regulatory focus in 2026, clear and current disclosures support smoother examinations and stronger compliance programs.



Ready to see how Comply can help you navigate AUA season?

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**Let's Talk.**